

REDACTED – FOR PUBLIC INSPECTION

October 14, 2013

Received & Inspected

OCT 24 2013

FCC Mail Room

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

Re: *In the Matter of Connect America Fund, A National Broadband Plan for Our Future, Establishing Just and Reasonable Rates for Local Exchange Carriers, High-Cost Universal Service Support, Developing a Unified Intercarrier Compensation Regime, Federal-State Joint Board on Universal Service, Lifeline and Link-Up, Universal Service Reform – Mobility Fund, WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208*

Dear Ms. Dortch:

On behalf of K & M Telephone Company, Inc. ("K & M"), please find enclosed two copies of K & M's FCC Form 481, along with the redacted versions of the Confidential Financial Information.

One copy of the FCC Form 481, containing Confidential Financial Information is being filed under separate cover.

Please do not hesitate to contact me at (402) 441-4315 if you have any questions regarding this submission.

Respectfully submitted,



Jessica Meyer
Consultant
Consortia Consulting, Inc.

No. of Copies rec'd _____
List ABCDE _____



**Form 487 Carrier Annual Reporting
Data Collection Form**

<010> Study Area Code 371565

<015> Study Area Name K & M Telephone Company, Inc.

<020> Program Year 2014

<030> Contact Name: Person USAC should contact
with questions about this data Larry Woods

<035> Contact Telephone Number:
Number of the person identified in data line <030> 402-482-5220

<039> Contact Email:
Email of the person identified in data line <030> kmmgr@kmtel.net

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ANNUAL REPORTING FOR ALL CARRIERS

		5/1/13 Completion Required	5/1/12 Completion Required
<100>	Service Quality Improvement Reporting	(complete attached worksheet)	(check box when complete)
<200>	Outage Reporting (voice)	(complete attached worksheet)	X
<210>	X <-- check box if no outages to report		X
<300>	Unfulfilled Service Requests (voice)	0	X
<310>	Detail on Attempts (voice)	(attach descriptive document)	
<320>	Unfulfilled Service Requests (broadband)		
<330>	Detail on Attempts (broadband)	(attach descriptive document)	
<400>	Number of Complaints per 1,000 customers (voice)		X
<410>	Fixed	0	
<420>	Mobile		
<440>	Number of Complaints per 1,000 customers (broadband)		
<450>	Fixed		
<450>	Mobile		
<500>	Service Quality Standards & Consumer Protection Rules Compliance	(check to indicate certification)	X
<510>		(attach descriptive document)	X
<600>	Functionality in Emergency Situations	(check to indicate certification)	X
<610>		(attach descriptive document)	X
<700>	Company Price Offerings (voice)	(complete attached worksheet)	
<710>	Company Price Offerings (broadband)	(complete attached worksheet)	
<800>	Operating Companies and Affiliates	(complete attached worksheet)	X
<900>	Tribal Land Offerings (Y/N)? No	(if yes, complete attached worksheet)	
<1000>	Voice Services Rate Comparability	(check to indicate certification)	
<1010>		(attach descriptive document)	
<1100>	Terrestrial Backhaul (Y/N)? Yes	(if not, check to indicate certification)	
<1110>		(complete attached worksheet)	
<1200>	Terms and Condition for Lifeline Customers	(complete attached worksheet)	X

Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

<2000>	(check to indicate certification)	
<2005>	(complete attached worksheet)	
Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet		
<3000>	(check to indicate certification)	X
<3005>	(complete attached worksheet)	X

**(100) Service Quality Improvement Reporting
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0586

OMB Control No. 3060-0819

July 2013

<010> Study Area Code

371565

<015> Study Area Name

K & M Telephone Company, Inc.

<020> Program Year

2014

<030> Contact Name - Person USAC should contact regarding this data

Larry Woods

<035> Contact Telephone Number - Number of person identified in data line <030>

402-482-5220

<039> Contact Email Address - Email Address of person identified in data line <030>

kmmgr@kmtel.net

<110> Has your company received its ETC certification from the FCC?

(no)

<111> If your answer to Line <110> is yes, do you have an existing §54.202(a) "5

year plan" filed with the FCC?

(yes / no)

If your answer to Line <111> is yes, then you are required to file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

<112> Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which receives only frozen support, your progress report is only required to address voice telephony service

Please check these boxes below to confirm that the attached PDF, on line 112, contains a progress report on its five-year service quality improvement plan pursuant to § 54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

<113> Maps detailing progress towards meeting plan targets

<114> Report how much universal service (USF) support was received

<115> How (USF) was used to improve service quality

<116> How (USF) was used to improve service coverage

<117> How (USF) was used to improve service capacity

<118> Provide an explanation of network improvement targets not met in the prior calendar year.

Name of Attached Document (.pdf)

<039> Contact Email Address - Email Address of person identified in data line <030>

kmmgr@kmtel.net

[illegible]

1800 Top-earning companies and affiliated
Data collected from
CME Group Inc. 30 JUL 2005
CME Group Inc. 30 JUL 2005
CME Group Inc. 30 JUL 2005

[illegible]

**(900) Tribal Lands Reporting
Data Collection Form**

USC Form 48
OMB Control No. 3160-0085
OMB Control No. 3160-0085
July 2012

<010>	Study Area Code
<015>	Study Area Name
<020>	Program Year
<030>	Contact Name - Person USAC should contact regarding this data
<035>	Contact Telephone Number - Number of person identified in data line <030>
<039>	Contact Email Address - Email Address of person identified in data line <030>
<910>	Tribal Land(s) on which ETC Serves
<920>	Tribal Government Engagement Obligation

Name of Attached Document (.pdf)

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached PDF, on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

Select (Yes, No, NA)	
	<921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions;
	<922> Feasibility and sustainability planning;
	<923> Marketing services in a culturally sensitive manner;
	<924> Compliance with Rights of way processes
	<925> Compliance with Land Use permitting requirements
	<926> Compliance with Facilities Siting rules
	<927> Compliance with Environmental Review processes
	<928> Compliance with Cultural Preservation review processes
	<929> Compliance with Tribal Business and Licensing requirements.

(U10) Non-terrestrial Backhaul Reporting
 Data Collection Form

FCC Form 121
 OMB Control No. 3060-0086
 OMB Control No. 3060-0019
 Rev. 2015

<010>	Study Area Code
<015>	Study Area Name
<020>	Program Year
<030>	Contact Name - Person USAC should contact regarding this data
<035>	Contact Telephone Number - Number of person identified in data line <030>
<039>	Contact Email Address - Email Address of person identified in data line <030>

<1120> Please check this box to confirm no terrestrial backhaul options exist within the supported area pursuant to § 54.313(G)

Please check this box to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(G)

(1200) Terms and Conditions for Lifeline Customers
Lifeline

Data Collection Form

ECIS 10/11/13
 OMB Control No. 3061-0086
 OMB Control No. 3069-0819
 5/11/2013

<010>	Study Area Code	371565
<015>	Study Area Name	K & M Telephone Company, Inc.
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Larry Woods
<035>	Contact Telephone Number - Number of person identified in data line <030>	402-482-5220
<039>	Contact Email Address - Email Address of person identified in data line <030>	kmmgr@kmtel.net

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

371565ne1210.pdf
 Name of attached document (.pdf)

<1220> Link to Public Website

HTTP

Please check these boxes below to confirm that the attached PDF, on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

<1221> Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, ☒

<1222> Details on the number of minutes provided as part of the plan, ☒

<1223> Additional charges for toll calls, and rates for each such plan. ☒

2005 Price Cap Carrier Additional Documentation
 Data Collection Form
 Including Rate of Return Entries of Filers with Price Cap or Exchange Carriers
 Date: 08/05/2015
 DBF File No: 5101310
 July 2015

<010> Study Area Code

<015> Study Area Name

<020> Program Year

<030> Contact Name - Person USAC should contact regarding this data

<035> Contact Telephone Number - Number of person identified in data line <030>

<039> Contact Email Address - Email Address of person identified in data line <030>

CHECK the boxes below to note compliance as a recipient of Incremental Connect America Phase I support, frozen High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e) the information reported on this form and in the documents attached below is accurate.

Incremental Connect America Phase I reporting

<2010> 2nd Year Certification (47 CFR § 54.313(b)(1))

<2011> 3rd Year Certification (47 CFR § 54.313(b)(2))

Price Cap Carrier Receiving Frozen Support Certification (47 CFR § 54.312(a))

<2012> 2013 Frozen Support Certification

<2013> 2014 Frozen Support Certification

<2014> 2015 Frozen Support Certification

<2015> 2016 and future Frozen Support Certification

Price Cap Carrier Connect America ICC Support (47 CFR § 54.313(d))

<2016> Certification Support Used to Build Broadband

Connect America Phase II Reporting (47 CFR § 54.313(e))

<2017> 3rd year Broadband Service Certification

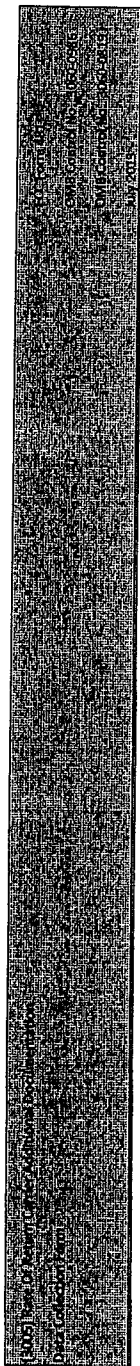
<2018> 5th Year Broadband Service Certification

<2019> Interim Progress Certification

<2020> Please check the box to confirm that the attached PDF, on line 2021, contains the required information pursuant to § 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.

<2021> Interim Progress Community Anchor Institutions

Name of Attached Document Listing Required Information



<010>	Study Area Code	371565
<015>	Study Area Name	K & M Telephone Company
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Larry Woods
<035>	Contact Telephone Number - Number of person identified in data line <030>	402-481-5220
<039>	Contact Email Address - Email Address of person identified in data line <030>	knmg@kmtel.net

CHECK the boxes below to note compliance on its five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

Progress Report on 5 Year Plan

(3010) Milestone Certification (47 CFR § 54.313(f)(1)(i))

(3011) Please check this box to confirm that the attached PDF, on line 3012, contains the required information pursuant to § 54.313(f)(1)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.

Name of Attached Document Listing Required Information

☐

Name of Attached Document Listing Required Information

Yes	(Yes/No)
Yes	(Yes/No)

(3012) Community Anchor Institutions (47 CFR § 54.313(f)(1)(iii))

(3013) Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2))

(3014) If yes, does your company file the RUS annual report
Please check these boxes to confirm that the attached PDF, on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:

(3015) Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)

X	
X	

(3016) PDF of Balance Sheet, Income Statement and Statement of Cash Flows

(3017) If the response is yes on line 3014, attach your company's RUS annual report and all required documentation

(3018) If the response is no on line 3014, is your company audited?

If the response is yes on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:

371565ne3017.pdf

	(Yes/No)
--	----------

(3019) Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications

(3020) PDF of Balance Sheet, Income Statement and Statement of Cash Flows

(3021) Management letter issued by the independent certified public accountant that performed the company's financial audit.

If the response is no on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:

(3022) Copy of their financial statement which has been subject to review by an independent certified public accountant; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers.

(3023) Underlying information subjected to a review by an independent certified public accountant

(3024) Underlying information subjected to an officer certification.

(3025) PDF of Balance Sheet, Income Statement and Statement of Cash Flows

(3026) Attach the worksheet listing required information

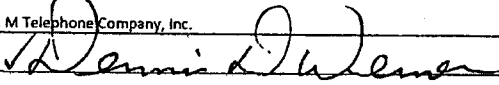
Name of Attached Document Listing Required Information

☐

Certification - Reporting Carrier Data Collection Form	FCC Form 477 OMB Control No. 3060-0088 OMB Control No. 3060-0015 July 2013
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<010> Study Area Code	371565
<015> Study Area Name	K & M Telephone Company, Inc.
<020> Program Year	2014
<030> Contact Name - Person USAC should contact regarding this data	Larry Woods
<035> Contact Telephone Number - Number of person identified in data line <030>	402-482-5220
<039> Contact Email Address - Email Address of person identified in data line <030>	kmmgr@kmtel.net

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier: K & M Telephone Company, Inc.	
Signature of Authorized Officer: 	Date: 9-23-13
Printed name of Authorized Officer: Dennis D. Werner	
Title or position of Authorized Officer: President	
Telephone number of Authorized Officer: 402-482-5220	
Study Area Code of Reporting Carrier: 371565	Filing Due Date for this form: 10/15/2013
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Certification - Agent / Carrier Data Collection Form	
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<010>	Study Area Code
<015>	Study Area Name
<020>	Program Year
<030>	Contact Name - Person USAC should contact regarding this data
<035>	Contact Telephone Number - Number of person identified in data line <030>
<039>	Contact Email Address - Email Address of person identified in data line <030>

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) _____ is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent: _____	
Name of Reporting Carrier: _____	
Signature of Authorized Officer: _____	Date: _____
Printed name of Authorized Officer: _____	
Title or position of Authorized Officer: _____	
Telephone number of Authorized Officer: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: 10/15/2013
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier: _____	
Name of Authorized Agent or Employee of Agent: _____	
Signature of Authorized Agent or Employee of Agent: _____	Date: _____
Printed name of Authorized Agent or Employee of Agent: _____	
Title or position of Authorized Agent or Employee of Agent: _____	
Telephone number of Authorized Agent or Employee of Agent: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: 10/15/2013
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

(2005) Operating Report for Private Utility Reporting Company	Report Period
Balance Sheet Data Collection Form	Report Date
Payable	Report Year

<010> Study Area Code

<015> Study Area Name

<020> Program Year

<030> Contact Name - Person USAC should contact regarding this data

<035> Contact Telephone Number - Number of person identified in data line <030>

<039> Contact Email Address - Email Address of person identified in data line <030>

Filed as reviewed single company

Filed as reviewed consolidated company

Filed as subsidiary of reviewed consolidated company

Filed as audited single company

Filed as audited consolidated company

Filed as subsidiary of audited consolidated company

CERTIFICATION

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

Signature

Date

PART A. BALANCE SHEET

ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
CURRENT ASSETS			CURRENT LIABILITIES		
1. Cash and Equivalents			25. Accounts Payable		
2. Cash-RUS Construction Fund			26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments		
a. Telecom, Accounts Receivable			28. Customer Deposits		
b. Other Accounts Receivable			29. Current Mat. L/T Debt		
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable			32. Income Taxes Accrued		
b. Other Accounts Receivable			33. Other Taxes Accrued		
c. Notes Receivable			34. Other Current Liabilities		
5. Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)		
6. Material-Regulated			LONG-TERM DEBT		
7. Material-Nonregulated			36. Funded Debt-RUS Notes		
8. Prepayments			37. Funded Debt-RTB Notes		
9. Other Current Assets			38. Funded Debt-FFB Notes		
0. Total Current Assets (1 Thru 9)			39. Funded Debt-Other		
			40. Funded Debt-Rural Develop. Loan		
NONCURRENT ASSETS			41. Premium (Discount) on L/T Debt		
1. Investment in Affiliated Companies			42. Recquired Debt		
a. Rural Development			43. Obligations Under Capital Lease		
b. Nonrural Development			44. Adv. From Affiliated Companies		
2. Other Investments			45. Other Long-Term Debt		
a. Rural Development			46. Total Long-Term Debt (36 thru 45)		
b. Nonrural Development			OTHER LIAB. & DEF. CREDITS		
3. Nonregulated Investments			47. Other Long-Term Liabilities		
4. Other Noncurrent Assets			48. Other Deferred Credits		
5. Deferred Charges			49. Other Jurisdictional Differences		
6. Jurisdictional Differences			50. Total Other Liabilities and Deferred Credits (47 thru 49)		
7. Total Noncurrent Assets (11 thru 16)			EQUITY		
			51. Cap. Stock Outstanding & Subscribed		
PLANT, PROPERTY, AND EQUIPMENT			52. Additional Paid-In-Capital		
8. Telecom, Plant-in-Service			53. Treasury Stock		
9. Property Held for Future Use			54. Membership and Cap. Certificates		
0. Plant Under Construction			55. Other Capital		
1. Plant Adj., Nonop. Plant & Goodwill			56. Patronage Capital Credits		
2. Less Accumulated Depreciation			57. Retained Earnings or Margins		
3. Net Plant (18 thru 21 less 22)			58. Total Equity (51 thru 57)		
4. TOTAL ASSETS (10+17+23)			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)		

(9005b) Operating Report for Privately Held Rate of Return Carriers
 Income Statement - Data Collection Form
 Page 2 of 3

<010> Study Area Code

<015> Study Area Name

<020> Program Year

<030> Contact Name - Person USAC should contact regarding this data

<035> Contact Telephone Number - Number of person identified in data line <030>

<039> Contact Email Address - Email Address of person identified in data line <030>

PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS		
ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues		
2. Network Access Services Revenues		
3. Long Distance Network Services Revenues		
4. Carrier Billing and Collection Revenues		
5. Miscellaneous Revenues		
6. Uncollectible Revenues		
7. Net Operating Revenues (1 thru 5 less 6)		
8. Plant Specific Operations Expense		
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)		
10. Depreciation Expense		
11. Amortization Expense		
12. Customer Operations Expense		
13. Corporate Operations Expense		
14. Total Operating Expenses (8 thru 13)		
15. Operating Income or Margins (7 less 14)		
16. Other Operating Income and Expenses		
17. State and Local Taxes		
18. Federal Income Taxes		
19. Other Taxes		
20. Total Operating Taxes (17+18+19)		
21. Net Operating Income or Margins (15+16-20)		
22. Interest on Funded Debt		
23. Interest Expense - Capital Leases		
24. Other Interest Expense		
25. Allowance for Funds Used During Construction		
26. Total Fixed Charges (22+23+24-25)		
27. Nonoperating Net Income		
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income		
31. Total Net Income or margins (21+27+28+29+30-26)		
32. Total Taxes Based on Income		
33. Retained Earnings or Margins Beginning-of-Year		
34. Miscellaneous Credits Year-to-Date		
35. Dividends Declared (Common)		
36. Dividends Declared (Preferred)		
37. Other Debits Year-to-Date		
38. Transfers to Patronage Capital		
39. Retained Earnings or Margins end-of-Period $[(31+33+34)-(35+36+37+38)]$		
40. Patronage Capital Beginning-of-Year		
41. Transfers to Patronage Capital		
42. Patronage Capital Credits Retired		
43. Patronage Capital End-of-Year (40+41-42)		
44. Annual Debt Service Payments		
45. Cash Ratio $[(14+20-10-11)/7]$		
46. Operating Accrual Ratio $[(14+20+26)/7]$		
47. TIER $[(31+26)/26]$		
48. DSCR $[(31+26+10+11)/44]$		

(B005) Operating Report for Privately Held Retirement Carriers
 Cash Flow Data Collection Form
 Page 5 of 5
 FCC Form 48
 01/01/2000 No. 2000-0000
 01/01/2000 No. 0000-0000

<010> Study Area Code
 <015> Study Area Name
 <020> Program Year
 <030> Contact Name - Person USAC should contact regarding this data
 <035> Contact Telephone Number - Number of person identified in data line <030>
 <039> Contact Email Address - Email Address of person identified in data line <030>

PART C. STATEMENTS OF CASH FLOWS	
1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)	
CASH FLOWS FROM OPERATING ACTIVITIES	
2. Net Income	
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
3. Add: Depreciation	
4. Add: Amortization	
5. Other (Explain)	
Changes in Operating Assets and Liabilities	
6. Decrease/(Increase) in Accounts Receivable	
7. Decrease/(Increase) in Materials and Inventory	
8. Decrease/(Increase) in Prepayments and Deferred Charges	
9. Decrease/(Increase) in Other Current Assets	
10. Increase/(Decrease) in Accounts Payable	
11. Increase/(Decrease) in Advance Billings & Payments	
12. Increase/(Decrease) in Other Current Liabilities	
13. Net Cash Provided/(Used) by Operations	
CASH FLOWS FROM FINANCING ACTIVITIES	
14. Decrease/(Increase) in Notes Receivable	
15. Increase/(Decrease) in Notes Payable	
16. Increase/(Decrease) in Customer Deposits	
17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)	
18. Increase/(Decrease) in Other Liabilities & Deferred Credits	
19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital	
20. Less: Payment of Dividends	
21. Less: Patronage Capital Credits Retired	
22. Other (Explain)	
23. Net Cash Provided/(Used) by Financing Activities	
CASH FLOWS FROM INVESTING ACTIVITIES	
24. Net Capital Expenditures (Property, Plant & Equipment)	
25. Other Long-Term Investments	
26. Other Noncurrent Assets & Jurisdictional Differences	
27. Other (Explain)	
28. Net Cash Provided/(Used) by Investing Activities	
29. Net Increase/(Decrease) in Cash	
30. Ending Cash	

K & M Telephone Company, Inc.

Certification of Compliance with Applicable Service Quality Standards and Consumer Protection Rules

Service Quality Standards

K & M Telephone Company, Inc. (herein after the "Company"):

- Provides voice grade access to the public switched network.
- Provides flat rated local exchange service with no additional charge to end users.
- Provides access to the emergency services provided by local government or other public safety organizations, such as 911 and enhanced 911.
- Provides toll blocking and toll limitation services.
- Advertises the availability of its services and the charges using media of general distribution and on its website.
- Maintains a business office providing customers with access to a customer service representative either in person or via a local telephone call during normal business hours.
- Directs after hour calls to the Company's voice mail system with the option to call emergency contacts.
- Directs trouble reports to the on-call technician.
- Tracks all service orders to ensure they are completed in a timely manner.
- Measures its service connection and service interruption performance on a regular basis.
- Trains employees to:
 - Answer all incoming calls promptly.
 - Respond to all inquiries for information promptly and courteously.
 - Investigate thoroughly all customer complaints and handle appropriately according to the Company's guidelines for resolution of customer complaints.
 - Be knowledgeable about products and service offerings so they can assist the customer with selecting the best service option.
- Has a process for periodic inspection, testing and preventive maintenance of its equipment to permit the rendering of safe, adequate and continuous service at all times.

Consumer Protection Rules

The Company has established operating procedures designed to facilitate compliance with applicable consumer protection rules which include compliance with the Customer Proprietary Network Information (CPNI) rules. The operating procedures include:

- Appointment of a compliance officer.
- A manual detailing the specific procedures for protecting consumer information.
- Employee training on an annual basis.
- A disciplinary process for improper use of consumer information.

K & M Telephone Company, Inc.

Nebraska Telephone Assistance Program Terms and Conditions

Nebraska Telephone Assistance Program

The Nebraska Telephone Assistance Program (NTAP) is available for qualifying customers of K & M Telephone Company, Inc. (herein after the "Company"). NTAP assistance reduces the cost of basic, monthly local telephone service. Eligible consumers can receive up to \$12.75 per month in discounts. In addition, the Federal Universal Service Charge is not assessed to consumers participating in NTAP. Toll Blocking prevents the placement of all long distance calls for which a subscriber would be charged. Toll blocking is available to eligible consumers at no cost. Also, by choosing this option, consumers may not be charged a deposit.

NTAP is administered by the Nebraska Public Service Commission.

NTAP Eligibility Information

Program Based Eligibility

To qualify for NTAP, subscribers must either have an income that is at or below 135% of the Federal Poverty Guidelines, or the subscriber, one or more of the subscriber's dependents, or the subscriber's household must receive benefits from one of the following assistance programs:

- Low-Income Home Energy Assistance Program (LIHEAP)
- Federal Public Housing Assistance (Section 8)
- Medicaid
- Children's Health Insurance Program /Kids Connection (SAM, MAC or EMAC)
- Supplemental Nutrition Assistance Program (SNAP); (formerly the Food Stamps Program)
- Supplemental Security Income (SSI)
- Temporary Assistance for Needy Families (TANF)
- National School Lunch Program Free Lunch program
- State assistance programs (if applicable)

NTAP application may be obtained for the Company, the local *Health and Human Services* agency caseworker or the *Nebraska Public Service Commission (NPSC)*. The contact information for the NPSC is 1200 N Street, Suite 300, PO Box 94927, Lincoln, NE 68508-4927, Phone: 402-471-3101, Toll Free: 1-800-526-0017 or <https://ntap.gisworkshop.com/>

NTAP applicants must present documentation demonstrating eligibility either through participation in one of the qualifying federal assistance programs or through income-based means.

Acceptable documentation of program-based eligibility includes: current or prior year's statement of benefits from a qualifying state, federal or Tribal program; notice letter of participation in a qualifying state, federal or Tribal program; program participation documents; or another official document evidencing the consumer's participation in a qualifying state, federal or Tribal program.

Income Based Eligibility

In addition, consumers are eligible for NTAP if their household income is at or below 135% of the federal poverty guidelines.

2013 Federal Poverty Guidelines – 135%

Household Size	48 Contiguous States and D.C.	Alaska	Hawaii
1	\$15,512	\$19,373	\$17,861
2	\$20,939	\$26,163	\$24,098
3	\$26,366	\$32,954	\$30,335
4	\$31,793	\$39,744	\$36,572
5	\$37,220	\$46,535	\$42,809
6	\$42,647	\$53,325	\$49,046
7	\$48,074	\$60,116	\$55,283
8	\$53,501	\$66,906	\$61,520
For each additional person, add	\$5,427	\$6,791	\$6,237

Acceptable documentation of income eligibility includes: prior year's state, federal or Tribal tax return; current income statement from an employer or paycheck stub; social security statement of benefits; Veterans Administration statement of benefits; retirement/pension statement of benefits; unemployment/workmen's compensation statement of benefits; federal or Tribal notice of letter participating in General Assistance; or a divorce decree or child support award or other official document containing income information.

Numbers of Minutes-of-Use Provided as Part of NTAP Program Service

The Company's Voice NTAP service includes unlimited local minutes-of-use within the toll-free calling area. The Company's Voice NTAP Plan does not include any free minutes-of-use for toll. Toll is billed at the standard toll rate depending on which interexchange carrier the consumer subscribes to for toll service. As part of the NTAP service, Toll blocking is available to eligible consumers at no cost.

Rates

Subscribers may receive the NTAP credit on any type or grade of local service, including bundled services that are normally offered by the Company. Advertised rates do not include any applicable taxes or surcharges.

Recertification of NTAP Eligibility

NTAP recipients are required to recertify their eligibility annually. Failure to properly recertify a recipient's continued eligibility for NTAP will result in termination of the NTAP recipient's monthly NTAP discount and de-enrollment from NTAP.

Additional NTAP Program Information

NTAP is limited to one benefit per household, consisting of either wire line or wireless service. A household is defined as an individual or group of individuals who live together at the same address and share income and expenses. NTAP is a government benefit program, and consumers who willfully make false statements in order to obtain the benefit can be punished by fine or imprisonment or can be barred from the program.

K & M Telephone Company, Inc.
Functionality in Emergency Situations

Back-Up Power

K & M Telephone Company, Inc. (herein after the "Company") has reasonable back-up power to keep equipment functioning during commercial electrical power interruptions. Central offices have stand-by generators that come on-line automatically if power is interrupted. Remote equipment cabinets and huts have battery supplied power that will keep the equipment operational until portable generators can be deployed. An adequate number of portable generators are maintained to cover a wide spread power outage.

Rerouting of Traffic around Damaged Facilities

The Company will be able to reroute traffic around damaged facilities. Connecting companies have redundant routing for signaling and trunk traffic. The Company has plans in place to repair local facilities in a timely manner to restore traffic capability.

Traffic Spikes

The Company's switching and transport equipment has sufficient capacity to handle any unexpected spike in traffic. Trunking capacity has been installed at the capacity of normal engineering practices. The switching equipment has a very significant reserve of unused capacity.

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According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0031. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

USDA-RUS

OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.

BORROWER NAME

K. & M. Telephone Company, Inc.

(Prepared with Audited Data)

INSTRUCTIONS-Submit report to RUS within 30 days after close of the period.
For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.

PERIOD ENDING
December, 2012

BORROWER DESIGNATION
NE0548

CERTIFICATION

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII
(Check one of the following)

☒ All of the obligations under the RUS loan documents have been fulfilled in all material respects.

☐ There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report

Dennis Werner

3/9/2013

DATE

PART A. BALANCE SHEET

ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
CURRENT ASSETS			CURRENT LIABILITIES		
1. Cash and Equivalents			25. Accounts Payable		
2. Cash-RUS Construction Fund			26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments		
a. Telecom, Accounts Receivable			28. Customer Deposits		
b. Other Accounts Receivable			29. Current Mat. L/T Debt		
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable			32. Income Taxes Accrued		
b. Other Accounts Receivable			33. Other Taxes Accrued		
c. Notes Receivable			34. Other Current Liabilities		
5. Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)		
6. Material-Regulated			LONG-TERM DEBT		
7. Material-Nonregulated			36. Funded Debt-RUS Notes		
8. Prepayments			37. Funded Debt-RTB Notes		
9. Other Current Assets			38. Funded Debt-FFB Notes		
10. Total Current Assets (1 Thru 9)			39. Funded Debt-Other		
NONCURRENT ASSETS			40. Funded Debt-Rural Develop. Loan		
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt		
a. Rural Development			42. Reacquired Debt		
b. Nonrural Development			43. Obligations Under Capital Lease		
12. Other Investments			44. Adv. From Affiliated Companies		
a. Rural Development			45. Other Long-Term Debt		
b. Nonrural Development			46. Total Long-Term Debt (36 thru 45)		
13. Nonregulated Investments			OTHER LIAB. & DEF. CREDITS		
14. Other Noncurrent Assets			47. Other Long-Term Liabilities		
15. Deferred Charges			48. Other Deferred Credits		
16. Jurisdictional Differences			49. Other Jurisdictional Differences		
17. Total Noncurrent Assets (11 thru 16)			50. Total Other Liabilities and Deferred Credits (47 thru 49)		
PLANT, PROPERTY, AND EQUIPMENT			EQUITY		
18. Telecom, Plant-In-Service			51. Cap. Stock Outstand. & Subscribed		
19. Property Held for Future Use			52. Additional Paid-in-Capital		
20. Plant Under Construction			53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates		
22. Less Accumulated Depreciation			55. Other Capital		
23. Net Plant (18 thru 21 less 22)			56. Patronage Capital Credits		
24. TOTAL ASSETS (10+17+23)			57. Retained Earnings or Margins		
			58. Total Equity (51 thru 57)		
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)		

Total Equity = % of Total Assets

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USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION NB0548 PERIOD ENDING December, 2012	
INSTRUCTIONS- See RUS Bulletin 1744-2		
PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS		
ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues		
2. Network Access Services Revenues		
3. Long Distance Network Services Revenues		
4. Carrier Billing and Collection Revenues		
5. Miscellaneous Revenues		
6. Uncollectible Revenues		
7. Net Operating Revenues (1 thru 5 less 6)		
8. Plant Specific Operations Expense		
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)		
10. Depreciation Expense		
11. Amortization Expense		
12. Customer Operations Expense		
13. Corporate Operations Expense		
14. Total Operating Expenses (8 thru 13)		
15. Operating Income or Margins (7 less 14)		
16. Other Operating Income and Expenses		
17. State and Local Taxes		
18. Federal Income Taxes		
19. Other Taxes		
20. Total Operating Taxes (17+18+19)		
21. Net Operating Income or Margins (15+16-20)		
22. Interest on Funded Debt		
23. Interest Expense - Capital Leases		
24. Other Interest Expense		
25. Allowance for Funds Used During Construction		
26. Total Fixed Charges (22+23+24-25)		
27. Nonoperating Net Income		
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income		
31. Total Net Income or Margins (21+27+28+29+30-26)		
32. Total Taxes Based on Income		
33. Retained Earnings or Margins Beginning-of-Year		
34. Miscellaneous Credits Year-to-Date		
35. Dividends Declared (Common)		
36. Dividends Declared (Preferred)		
37. Other Debits Year-to-Date		
38. Transfers to Patronage Capital		
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]		
40. Patronage Capital Beginning-of-Year		
41. Transfers to Patronage Capital		
42. Patronage Capital Credits Retired		
43. Patronage Capital End-of-Year (40+41-42)		
44. Annual Debt Service Payments		
45. Cash Ratio [(14+20-10-11) / 7]		
46. Operating Accrual Ratio [(14+20+26) / 7]		
47. TIER [(31+26) / 26]		
48. DSCR [(31+26+10+11) / 44]		

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USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS INSTRUCTIONS - See RUS Bulletin 1744-2						BORROWER DESIGNATION NE0548 PERIOD ENDED December, 2012	
Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION							
	1. RATES		2. SUBSCRIBERS (ACCESS LINES)			3. ROUTE MILES	
EXCHANGE	B-1	R-1	BUSINESS	RESIDENTIAL	TOTAL	TOTAL (including fiber)	FIBER
	(a)	(b)	(a)	(b)	(c)	(a)	(b)
Total							
No. Exchanges							

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USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS INSTRUCTIONS - See RUS Bulletin 1744-2						BORROWER DESIGNATION NE0548 PERIOD ENDED December, 2012		
Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION								
4. BROADBAND SERVICE								
Details on Least Expensive Broadband Service								
EXCHANGE	No. Access Lines with BB. available (a)	No Of Broadband Subscribers (b)	Number Of Subscribers (c)	Advertised Download Rate (Kbps) (d)	Advertised Upload Rate (Kbps) (e)	Price Per Month (f)	Standalone/Pckg (f)	Type Of Technology (g)
								
Total								

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USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		BORROWER DESIGNATION NE0548			
INSTRUCTIONS- See RUS Bulletin 1744-2		PERIOD ENDING December, 2012			
PART D. SYSTEM DATA					
1. No. Plant Employees	2. No. Other Employees	3. Square Miles Served	5. Subscribers per Route Mile		
PART E. TOLL DATA					
1. Study Area ID Code(s)	2. Types of Toll Settlements (Check one)				
b. _____	Interstate: _____ Average Schedule _____ Cost Basis _____				
c. _____	Intrastate: _____ Average Schedule _____ Cost Basis _____				
d. _____					
e. _____					
f. _____					
g. _____					
h. _____					
i. _____					
j. _____					
PART F. FUNDS INVESTED IN PLANT DURING YEAR					
1. RUS, RTB, & FFB Loan Funds Expended					
2. Other Long-Term Loan Funds Expended					
3. Funds Expended Under RUS Interim Approval					
4. Other Short-Term Loan Funds Expended					
5. General Funds Expended (Other than Interim)					
6. Salvaged Materials					
7. Contribution in Aid to Construction					
8. Gross Additions to Telecom. Plant (1 thru 7)					
PART G. INVESTMENTS IN AFFILIATED COMPANIES					
INVESTMENTS	CURRENT YEAR DATA		CUMULATIVE DATA		
	Investment This Year	Income/Loss This Year	Cumulative Investment To Date	Cumulative Income/Loss To Date	Current Balance
(a)	(b)	(c)	(d)	(e)	(f)
1. Investment in Affiliated Companies - Rural Development					
2. Investment in Affiliated Companies - Nonrural Development					

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION NB0548 PERIOD ENDING December, 2012
PART H. CURRENT DEPRECIATION RATES	
Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one)	
<input checked="checked" type="checkbox"/> YES <input type="checkbox"/> NO	
EQUIPMENT CATEGORY	DEPRECIATION RATE
1. Land and support assets - Motor Vehicles	
2. Land and support assets - Aircraft	
3. Land and support assets - Special purpose vehicles	
4. Land and support assets - Garage and other work equipment	
5. Land and support assets - Buildings	
6. Land and support assets - Furniture and Office equipment	
7. Land and support assets - General purpose computers	
8. Central Office Switching - Digital	
9. Central Office Switching - Analog & Electro-mechanical	
10. Central Office Switching - Operator Systems	
11. Central Office Transmission - Radio Systems	
12. Central Office Transmission - Circuit equipment	
13. Information origination/termination - Station apparatus	
14. Information origination/termination - Customer premises wiring	
15. Information origination/termination - Large private branch exchanges	
16. Information origination/termination - Public telephone terminal equipment	
17. Information origination/termination - Other terminal equipment	
18. Cable and wire facilities - Poles	
19. Cable and wire facilities - Aerial cable - Metal	
20. Cable and wire facilities - Aerial cable - Fiber	
21. Cable and wire facilities - Underground cable - Metal	
22. Cable and wire facilities - Underground cable - Fiber	
23. Cable and wire facilities - Buried cable - Metal	
24. Cable and wire facilities - Buried cable - Fiber	
25. Cable and wire facilities - Conduit systems	
26. Cable and wire facilities - Other	

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USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION <div style="text-align: right;">NE0548</div>
INSTRUCTIONS - See help in the online application.	PERIOD ENDED <div style="text-align: right;">December, 2012</div>

PART I - STATEMENT OF CASH FLOWS	
1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)	
CASH FLOWS FROM OPERATING ACTIVITIES	
2. Net Income	
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>	
3. Add: Depreciation	
4. Add: Amortization	
5. Other (Explain)	
<i>Changes in Operating Assets and Liabilities</i>	
6. Decrease/(Increase) in Accounts Receivable	
7. Decrease/(Increase) in Materials and Inventory	
8. Decrease/(Increase) in Prepayments and Deferred Charges	
9. Decrease/(Increase) in Other Current Assets	
10. Increase/(Decrease) in Accounts Payable	
11. Increase/(Decrease) in Advance Billings & Payments	
12. Increase/(Decrease) in Other Current Liabilities	
13. Net Cash Provided/(Used) by Operations	
CASH FLOWS FROM FINANCING ACTIVITIES	
14. Decrease/(Increase) in Notes Receivable	
15. Increase/(Decrease) in Notes Payable	
16. Increase/(Decrease) in Customer Deposits	
17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)	
18. Increase/(Decrease) in Other Liabilities & Deferred Credits	
19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital	
20. Less: Payment of Dividends	
21. Less: Patronage Capital Credits Retired	
22. Other (Explain)	
23. Net Cash Provided/(Used) by Financing Activities	
CASH FLOWS FROM INVESTING ACTIVITIES	
24. Net Capital Expenditures (Property, Plant & Equipment)	
25. Other Long-Term Investments	
26. Other Noncurrent Assets & Jurisdictional Differences	
27. Other (Explain)	
28. Net Cash Provided/(Used) by Investing Activities	
29. Net Increase/(Decrease) in Cash	
30. Ending Cash	

Revision Date 2010

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USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION NE0548
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2012
NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	
1. [REDACTED]	
2. [REDACTED]	
3. [REDACTED]	
4. [REDACTED]	

REDACTED - FOR PUBLIC INSPECTION

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION NE0548
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2012
CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	

**FCC Form 484 Carrier Annual Reporting
Data Collection Form**

<010> Study Area Code 371565

<015> Study Area Name K & M Telephone Company, Inc.

<020> Program Year 2014

<030> Contact Name: Person USAC should contact with questions about this data Larry Woods

<035> Contact Telephone Number: Number of the person identified in data line <030> 402-482-5220

<039> Contact Email: Email of the person identified in data line <030> kmmgr@kmtel.net

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OCT 24 2013
FCC Mail Room

ANNUAL REPORTING FOR ALL CARRIERS		5/1/14 Completion Required	5/1/17 Completion Required
<100> Service Quality Improvement Reporting	(complete attached worksheet)	(check box when complete)	
<200> Outage Reporting (voice)	(complete attached worksheet)		
<210> <input checked="" type="checkbox"/> <-- check box if no outages to report		X	X
<300> Unfulfilled Service Requests (voice)	0	X	
<310> Detail on Attempts (voice)	(attach descriptive document)		
<320> Unfulfilled Service Requests (broadband)	(attach descriptive document)		
<330> Detail on Attempts (broadband)			
<400> Number of Complaints per 1,000 customers (voice)		X	
<410> Fixed	0		
<420> Mobile			
<440> Number of Complaints per 1,000 customers (broadband)			
<450> Fixed			
<450> Mobile			
<500> Service Quality Standards & Consumer Protection Rules Compliance	(check to indicate certification)	X	X
<510>	(attached descriptive document)	X	X
<600> Functionality in Emergency Situations	(check to indicate certification)	X	X
<610>	(attached descriptive document)	X	X
<700> Company Price Offerings (voice)	(complete attached worksheet)		
<710> Company Price Offerings (broadband)	(complete attached worksheet)		
<800> Operating Companies and Affiliates	(complete attached worksheet)		
<900> Tribal Land Offerings (Y/N)? No	(complete attached worksheet)	X	
<1000> Voice Services Rate Comparability	(if yes, complete attached worksheet)		
<1010>	(check to indicate certification)		
<1100> Terrestrial Backhaul (Y/N)? Yes	(attach descriptive document)		
<1110>	(if not, check to indicate certification)		
<1200> Terms and Condition for Lifeline Customers	(complete attached worksheet)		
	(complete attached worksheet)		X

Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

<2000> (check to indicate certification)

<2005> (complete attached worksheet)

Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet

<3000> (check to indicate certification)

<3005> (complete attached worksheet)

**(100) Service Quality Improvement Reporting
Data Collection Form**

Form 431

OMB Control No. 3050-0585

OMB Control No. 3050-0585

01/2013

<010> Study Area Code

371565

<015> Study Area Name

K & M Telephone Company, Inc.

<020> Program Year

2014

<030> Contact Name - Person USAC should contact regarding this data

Larry Woods

<035> Contact Telephone Number - Number of person identified in data line <030>

402-482-5220

<039> Contact Email Address - Email Address of person identified in data line <030>

kmmgr@kmtel.net

<110> Has your company received its ETC certification from the FCC?

(no)

If your answer to Line <110> is yes, do you have an existing §54.202(a) "5

<111> year plan" filed with the FCC?

(yes / no)

If your answer to Line <111> is yes, then you are required to file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

<112> Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which receives only frozen support, your progress report is only required to address voice telephony service

Name of Attached Document (.pdf)

Please check these boxes below to confirm that the attached PDF, on line 112, contains a progress report on its five-year service quality improvement plan pursuant to § 54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

<113> Maps detailing progress towards meeting plan targets

<114> Report how much universal service (USF) support was received

<115> How (USF) was used to improve service quality

<116> How (USF) was used to improve service coverage

<117> How (USF) was used to improve service capacity

<118> Provide an explanation of network improvement targets not met in the prior calendar year.

(200) Sewer Outage Reporting (Voice)
Data Collection Form

<010>	Study Area Code	371565
<015>	Study Area Name	K & M Telephone Company, Inc.
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Larry Woods
<035>	Contact Telephone Number - Number of person identified in data line <030>	402-482-5120
<039>	Contact Email Address - Email Address of person identified in data line <030>	kmmgr@kmtel.net

[illegible]

1800 Operating Company's Anti-Village
Data collection form

[illegible]

**(900) Tribal Lands Reporting
Data Collection Form**

Form 48
OMB Control No. 5700-0086
OMB Control No. 5700-0086
July 2015

<010>	Study Area Code	
<015>	Study Area Name	
<020>	Program Year	
<030>	Contact Name - Person USAC should contact regarding this data	
<035>	Contact Telephone Number - Number of person identified in data line <030>	
<039>	Contact Email Address - Email Address of person identified in data line <030>	
<910>	Tribal Land(s) on which ETC Serves	
<920>	Tribal Government Engagement Obligation	
	Name of Attached Document (.pdf)	

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached PDF, on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

	Select (Yes, No, NA)
<921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions;	
<922> Feasibility and sustainability planning;	
<923> Marketing services in a culturally sensitive manner;	
<924> Compliance with Rights of way processes	
<925> Compliance with Land Use permitting requirements	
<926> Compliance with Facilities Siting rules	
<927> Compliance with Environmental Review processes	
<928> Compliance with Cultural Preservation review processes	
<929> Compliance with Tribal Business and Licensing requirements.	

(1110) No Terrestrial Backhaul Reporting

Data Collection Form

OMB Control No. 0550-0046

OMB Control No. 0550-0046

July 2013

<010>	Study Area Code
<015>	Study Area Name
<020>	Program Year
<030>	Contact Name - Person USAC should contact regarding this data
<035>	Contact Telephone Number - Number of person identified in data line <030>
<039>	Contact Email Address - Email Address of person identified in data line <030>

<1120> Please check this box to confirm no terrestrial backhaul options exist within the supported area pursuant to § 54.313(G) ☐

<1130> Please check this box to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(G) ☐

1200 Terms and Conditions for Lending Customers
 Lifeline
 Data Collection Form

Section 431
 OMB Control No. 3060-0085
 OMB Control No. 3060-0010
 10/2/2013

<010>	Study Area Code	371565
<015>	Study Area Name	K & M Telephone Company, Inc.
<020>	Program Year	2014
<030>	Contact Name - Person USAC should contact regarding this data	Larry Woods
<035>	Contact Telephone Number - Number of person identified in data line <030>	402-482-5220
<039>	Contact Email Address - Email Address of person identified in data line <030>	kmmgr@kmtel.net

<1210>	Terms & Conditions of Voice Telephony Lifeline Plans	371565ne1210.pdf	Name of attached document (.pdf)
<1220>	Link to Public Website		HTTP

Please check these boxes below to confirm that the attached PDF, on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

<1221>	Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers,	X
<1222>	Details on the number of minutes provided as part of the plan,	X
<1223>	Additional charges for toll calls, and rates for each such plan.	X

OMB No. 3045-0046
OMB No. 3045-0046
OMB No. 3045-0046

<010>	Study Area Code
<015>	Study Area Name
<020>	Program Year
<030>	Contact Name - Person USAC should contact regarding this data
<035>	Contact Telephone Number - Number of person identified in data line <030>
<039>	Contact Email Address - Email Address of person identified in data line <030>

CHECK the boxes below to note compliance as a recipient of Incremental Connect America Phase I support, frozen High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e) the information reported on this form and in the documents attached below is accurate.

<2010>	Incremental Connect America Phase I reporting	
<2011>	2nd Year Certification (47 CFR § 54.313(b)(1))	
	3rd Year Certification (47 CFR § 54.313(b)(2))	

<2012>	Price Cap Carrier Receiving Frozen Support Certification (47 CFR § 54.312(a))	
<2013>	2013 Frozen Support Certification	
<2014>	2014 Frozen Support Certification	
<2015>	2015 Frozen Support Certification	
	2016 and future Frozen Support Certification	

<2016>	Price Cap Carrier Connect America ICC Support (47 CFR § 54.313(d))	
	Certification Support Used to Build Broadband	

<2017>	Connect America Phase II Reporting (47 CFR § 54.313(e))	
<2018>	3rd year Broadband Service Certification	
<2019>	5th year Broadband Service Certification	
<2020>	Interim Progress Certification	

Please check the box to confirm that the attached PDF, on line 2021, contains the required information pursuant to § 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.

Name of Attached Document Listing Required Information

Interim Progress Community Anchor Institutions

<010>	Study Area Code	371565
<015>	Study Area Name	K & M Telephone Company
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Larry Woods
<035>	Contact Telephone Number - Number of person identified in data line <030>	402-481-5220
<039>	Contact Email Address - Email Address of person identified in data line <030>	lanning@kmtel.net

Under the boxes below to note compliance on its five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47

Name of Attached Document Listing Required Information

3010] Milestone Certification (47 CFR § 54.313(f)(1)(ii))
3011] please check this box to confirm that the attached PDF, on line 3012,
contains the required information pursuant to § 54.313(f)(1)(ii), as a
recipient of CAF Phase II support shall provide the number, names, and
addresses of community anchor institutions to which began providing
broadband service in the preceding calendar year.

(3012) Community Anchor Institutions (47 CFR § 54.313(f)(1)(iii))
(3013) Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2))
(3014) If yes, does your company file the RUS annual report
Please check these boxes to confirm that the attached PDF, on line 3017, contains information pursuant to 47 CFR § 54.313(f)(2) compliance

requires:

(3015) Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)

(3016) PDF of Balance Sheet, Income Statement and Statement of Cash Flows

(3017) If the response is yes on line 3014, attach your company's RUS annual report and all required documentation

(3018) If the response is no on line 3014, Is your company audited?

If the response is yes on line 3018, please check the boxes below to indicate the type of audit required: 6.54, 3.13(f)(2), 3.13(f)(3), 3.13(f)(4), 3.13(f)(5), 3.13(f)(6), 3.13(f)(7), 3.13(f)(8), 3.13(f)(9), 3.13(f)(10), 3.13(f)(11), 3.13(f)(12), 3.13(f)(13), 3.13(f)(14), 3.13(f)(15), 3.13(f)(16), 3.13(f)(17), 3.13(f)(18), 3.13(f)(19), 3.13(f)(20), 3.13(f)(21), 3.13(f)(22), 3.13(f)(23), 3.13(f)(24), 3.13(f)(25), 3.13(f)(26), 3.13(f)(27), 3.13(f)(28), 3.13(f)(29), 3.13(f)(30), 3.13(f)(31), 3.13(f)(32), 3.13(f)(33), 3.13(f)(34), 3.13(f)(35), 3.13(f)(36), 3.13(f)(37), 3.13(f)(38), 3.13(f)(39), 3.13(f)(40), 3.13(f)(41), 3.13(f)(42), 3.13(f)(43), 3.13(f)(44), 3.13(f)(45), 3.13(f)(46), 3.13(f)(47), 3.13(f)(48), 3.13(f)(49), 3.13(f)(50), 3.13(f)(51), 3.13(f)(52), 3.13(f)(53), 3.13(f)(54), 3.13(f)(55), 3.13(f)(56), 3.13(f)(57), 3.13(f)(58), 3.13(f)(59), 3.13(f)(60), 3.13(f)(61), 3.13(f)(62), 3.13(f)(63), 3.13(f)(64), 3.13(f)(65), 3.13(f)(66), 3.13(f)(67), 3.13(f)(68), 3.13(f)(69), 3.13(f)(70), 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3.13(f)(357), 3.13(f)(358), 3.13(f)(359), 3.13(f)(360), 3.13(f)(361), 3.13(f)(362), 3.13(f)(363), 3.13(f)(364), 3.13(f)(365), 3.13(f)(366), 3.13(f)(367), 3.13(f)(368), 3.13(f)(369), 3.

(3019) Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications and Statement of Cash Flows

(3021) Management letter issued by the independent certified public accountant that performed the company's financial audit.

If the response is no on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:

Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers,

(3023) Underlying information subjected to a review of an independent public accountant

(3024) Underlying information subjected to an officer certification.

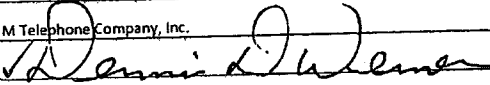
PDF of Balance Sheet, Income Statement and Statement of Cash Flows

(3026) Attach the worksheet listing required information.

Certification - Reporting Carrier	OMB Form 471
Data Collection Form	OMB Control No. 3060-0050
	OMB Control No. 3060-0049
	July 2013

<010> Study Area Code	371565
<015> Study Area Name	K & M Telephone Company, Inc.
<020> Program Year	2014
<030> Contact Name - Person USAC should contact regarding this data	Larry Woods
<035> Contact Telephone Number - Number of person identified in data line <030>	402-482-5220
<039> Contact Email Address - Email Address of person identified in data line <030>	kmmgr@kmtel.net

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier: K & M Telephone Company, Inc.	Date 9-23-13
Signature of Authorized Officer: 	
Printed name of Authorized Officer: Dennis D. Werner	
Title or position of Authorized Officer: President	
Telephone number of Authorized Officer: 402-482-5220	
Study Area Code of Reporting Carrier: 371565	Filing Due Date for this form: 10/15/2013
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Certification - Agent / Carrier		OMB Form 1010-004
Data Collection Form		OMB No. 1010-004
		July 2013

<010>	Study Area Code
<015>	Study Area Name
<020>	Program Year
<030>	Contact Name - Person USAC should contact regarding this data
<035>	Contact Telephone Number - Number of person identified in data line <030>
<039>	Contact Email Address - Email Address of person identified in data line <030>

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) _____ is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent: _____	
Name of Reporting Carrier: _____	
Signature of Authorized Officer: _____	Date: _____
Printed name of Authorized Officer: _____	
Title or position of Authorized Officer: _____	
Telephone number of Authorized Officer: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: 10/15/2013
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier: _____	
Name of Authorized Agent or Employee of Agent: _____	
Signature of Authorized Agent or Employee of Agent: _____	Date: _____
Printed name of Authorized Agent or Employee of Agent: _____	
Title or position of Authorized Agent or Employee of Agent: _____	
Telephone number of Authorized Agent or Employee of Agent: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: 10/15/2013
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

2005-2006 Reporting Period for Public Utility Reporting Utility
 Public Utility Data Collection Form
 PUC 44-063

<010> Study Area Code

<015> Study Area Name

<020> Program Year

<030> Contact Name - Person USAC should contact regarding this data

<035> Contact Telephone Number - Number of person identified in data line <030>

<039> Contact Email Address - Email Address of person identified in data line <030>

Filed as reviewed single company

Filed as reviewed consolidated company

Filed as subsidiary of reviewed consolidated company

Filed as audited single company

Filed as audited consolidated company

Filed as subsidiary of audited consolidated company

CERTIFICATION

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

Signature

Date

PART A. BALANCE SHEET

ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
CURRENT ASSETS			CURRENT LIABILITIES		
1. Cash and Equivalents			25. Accounts Payable		
2. Cash-RUS Construction Fund			26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments		
a. Telecom, Accounts Receivable			28. Customer Deposits		
b. Other Accounts Receivable			29. Current Mat. L/T Debt		
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable			32. Income Taxes Accrued		
b. Other Accounts Receivable			33. Other Taxes Accrued		
c. Notes Receivable			34. Other Current Liabilities		
5. Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)		
6. Material-Regulated			LONG-TERM DEBT		
7. Material-Nonregulated			36. Funded Debt-RUS Notes		
8. Prepayments			37. Funded Debt-RTB Notes		
9. Other Current Assets			38. Funded Debt-FFB Notes		
10. Total Current Assets (1 Thru 9)			39. Funded Debt-Other		
			40. Funded Debt-Rural Develop. Loan		
NONCURRENT ASSETS			41. Premium (Discount) on L/T Debt		
1. Investment in Affiliated Companies			42. Reacquired Debt		
a. Rural Development			43. Obligations Under Capital Lease		
b. Nonrural Development			44. Adv. From Affiliated Companies		
2. Other Investments			45. Other Long-Term Debt		
a. Rural Development			46. Total Long-Term Debt (36 thru 45)		
b. Nonrural Development			OTHER LIAB. & DEF. CREDITS		
3. Nonregulated Investments			47. Other Long-Term Liabilities		
4. Other Noncurrent Assets			48. Other Deferred Credits		
5. Deferred Charges			49. Other Jurisdictional Differences		
6. Jurisdictional Differences			50. Total Other Liabilities and Deferred Credits (47 thru 49)		
7. Total Noncurrent Assets (11 thru 16)			EQUITY		
			51. Cap. Stock Outstanding & Subscribed		
PLANT, PROPERTY, AND EQUIPMENT			52. Additional Paid-in-Capital		
8. Telecom, Plant-in-Service			53. Treasury Stock		
9. Property Held for Future Use			54. Membership and Cap. Certificates		
10. Plant Under Construction			55. Other Capital		
11. Plant Adj., Nonop. Plant & Goodwill			56. Patronage Capital Credits		
12. Less Accumulated Depreciation			57. Retained Earnings or Margins		
13. Net Plant (18 thru 21 less 22)			58. Total Equity (51 thru 57)		
14. TOTAL ASSETS (10+17+23)			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)		

(3005b) Operating Report for Privately Held Rate of Return Carriers
Income Statement - Data Collection Form
Page 2 of 3

<010> Study Area Code

<015> Study Area Name

<020> Program Year

<030> Contact Name - Person USAC should contact regarding this data

<035> Contact Telephone Number - Number of person identified in data line <030>

<039> Contact Email Address - Email Address of person identified in data line <030>

PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS		
ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues		
2. Network Access Services Revenues		
3. Long Distance Network Services Revenues		
4. Carrier Billing and Collection Revenues		
5. Miscellaneous Revenues		
6. Uncollectible Revenues		
7. Net Operating Revenues (1 thru 5 less 6)		
8. Plant Specific Operations Expense		
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)		
10. Depreciation Expense		
11. Amortization Expense		
12. Customer Operations Expense		
13. Corporate Operations Expense		
14. Total Operating Expenses (8 thru 13)		
15. Operating Income or Margins (7 less 14)		
16. Other Operating Income and Expenses		
17. State and Local Taxes		
18. Federal Income Taxes		
19. Other Taxes		
20. Total Operating Taxes (17+18+19)		
21. Net Operating Income or Margins (15+16-20)		
22. Interest on Funded Debt		
23. Interest Expense - Capital Leases		
24. Other Interest Expense		
25. Allowance for Funds Used During Construction		
26. Total Fixed Charges (22+23+24-25)		
27. Nonoperating Net Income		
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income		
31. Total Net Income or margins (21+27+28+29+30-26)		
32. Total Taxes Based on Income		
33. Retained Earnings or Margins Beginning-of-Year		
34. Miscellaneous Credits Year-to-Date		
35. Dividends Declared (Common)		
36. Dividends Declared (Preferred)		
37. Other Debits Year-to-Date		
38. Transfers to Patronage Capital		
39. Retained Earnings or Margins end-of-Period $[(31+33+34)-(35+36+37+38)]$		
40. Patronage Capital Beginning-of-Year		
41. Transfers to Patronage Capital		
42. Patronage Capital Credits Retired		
43. Patronage Capital End-of-Year $(40+41-42)$		
44. Annual Debt Service Payments		
45. Cash Ratio $[(14+20-10-11)/7]$		
46. Operating Accrual Ratio $[(14+20+26)/7]$		
47. TIER $[(31+26)/26]$		
48. DSCR $[(31+26+10+11)/44]$		

(E055) Operating Report for Private Field News-Stream Carriers
Cash Flow Data Collection Form

Page 3 of 5

Form 481
OMB No. 3045-0048
OMB No. 3045-0048
OMB No. 3045-0048

<010> Study Area Code
<015> Study Area Name
<020> Program Year
<030> Contact Name - Person USAC should contact regarding this data
<035> Contact Telephone Number - Number of person identified in data line <030>
<039> Contact Email Address - Email Address of person identified in data line <030>

PART C. STATEMENTS OF CASH FLOWS	
1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)	
CASH FLOWS FROM OPERATING ACTIVITIES	
2. Net Income	
3. Add: Depreciation	Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities
4. Add: Amortization	
5. Other (Explain)	
6. Decrease/(Increase) in Accounts Receivable	Changes in Operating Assets and Liabilities
7. Decrease/(Increase) in Materials and Inventory	
8. Decrease/(Increase) in Prepayments and Deferred Charges	
9. Decrease/(Increase) in Other Current Assets	
10. Increase/(Decrease) in Accounts Payable	
11. Increase/(Decrease) in Advance Billings & Payments	
12. Increase/(Decrease) in Other Current Liabilities	
13. Net Cash Provided/(Used) by Operations	
CASH FLOWS FROM FINANCING ACTIVITIES	
14. Decrease/(Increase) in Notes Receivable	
15. Increase/(Decrease) in Notes Payable	
16. Increase/(Decrease) in Customer Deposits	
17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)	
18. Increase/(Decrease) in Other Liabilities & Deferred Credits	
19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital	
20. Less: Payment of Dividends	
21. Less: Patronage Capital Credits Retired	
22. Other (Explain)	
23. Net Cash Provided/(Used) by Financing Activities	
CASH FLOWS FROM INVESTING ACTIVITIES	
24. Net Capital Expenditures (Property, Plant & Equipment)	
25. Other Long-Term Investments	
26. Other Noncurrent Assets & Jurisdictional Differences	
27. Other (Explain)	
28. Net Cash Provided/(Used) by Investing Activities	
29. Net Increase/(Decrease) in Cash	
30. Ending Cash	

K & M Telephone Company, Inc.

Certification of Compliance with Applicable Service Quality Standards and Consumer Protection Rules

Service Quality Standards

K & M Telephone Company, Inc. (herein after the "Company"):

- Provides voice grade access to the public switched network.
- Provides flat rated local exchange service with no additional charge to end users.
- Provides access to the emergency services provided by local government or other public safety organizations, such as 911 and enhanced 911.
- Provides toll blocking and toll limitation services.
- Advertises the availability of its services and the charges using media of general distribution and on its website.
- Maintains a business office providing customers with access to a customer service representative either in person or via a local telephone call during normal business hours.
- Directs after hour calls to the Company's voice mail system with the option to call emergency contacts.
- Directs trouble reports to the on-call technician.
- Tracks all service orders to ensure they are completed in a timely manner.
- Measures its service connection and service interruption performance on a regular basis.
- Trains employees to:
 - Answer all incoming calls promptly.
 - Respond to all inquiries for information promptly and courteously.
 - Investigate thoroughly all customer complaints and handle appropriately according to the Company's guidelines for resolution of customer complaints.
 - Be knowledgeable about products and service offerings so they can assist the customer with selecting the best service option.
- Has a process for periodic inspection, testing and preventive maintenance of its equipment to permit the rendering of safe, adequate and continuous service at all times.

Consumer Protection Rules

The Company has established operating procedures designed to facilitate compliance with applicable consumer protection rules which include compliance with the Customer Proprietary Network Information (CPNI) rules. The operating procedures include:

- Appointment of a compliance officer.
- A manual detailing the specific procedures for protecting consumer information.
- Employee training on an annual basis.
- A disciplinary process for improper use of consumer information.

K & M Telephone Company, Inc.

Nebraska Telephone Assistance Program Terms and Conditions

Nebraska Telephone Assistance Program

The Nebraska Telephone Assistance Program (NTAP) is available for qualifying customers of K & M Telephone Company, Inc. (herein after the "Company"). NTAP assistance reduces the cost of basic, monthly local telephone service. Eligible consumers can receive up to \$12.75 per month in discounts. In addition, the Federal Universal Service Charge is not assessed to consumers participating in NTAP. Toll Blocking prevents the placement of all long distance calls for which a subscriber would be charged. Toll blocking is available to eligible consumers at no cost. Also, by choosing this option, consumers may not be charged a deposit.

NTAP is administered by the Nebraska Public Service Commission.

NTAP Eligibility Information

Program Based Eligibility

To qualify for NTAP, subscribers must either have an income that is at or below 135% of the Federal Poverty Guidelines, or the subscriber, one or more of the subscriber's dependents, or the subscriber's household must receive benefits from one of the following assistance programs:

- Low-Income Home Energy Assistance Program (LIHEAP)
- Federal Public Housing Assistance (Section 8)
- Medicaid
- Children's Health Insurance Program /Kids Connection (SAM, MAC or EMAC)
- Supplemental Nutrition Assistance Program (SNAP); (formerly the Food Stamps Program)
- Supplemental Security Income (SSI)
- Temporary Assistance for Needy Families (TANF)
- National School Lunch Program Free Lunch program
- State assistance programs (if applicable)

NTAP application may be obtained for the Company, the local *Health and Human Services* agency caseworker or the *Nebraska Public Service Commission (NPSC)*. The contact information for the NPSC is 1200 N Street, Suite 300, PO Box 94927, Lincoln, NE 68508-4927, Phone: 402-471-3101, Toll Free: 1-800-526-0017 or <https://ntap.gisworkshop.com/>

NTAP applicants must present documentation demonstrating eligibility either through participation in one of the qualifying federal assistance programs or through income-based means.

Acceptable documentation of program-based eligibility includes: current or prior year's statement of benefits from a qualifying state, federal or Tribal program; notice letter of participation in a qualifying state, federal or Tribal program; program participation documents; or another official document evidencing the consumer's participation in a qualifying state, federal or Tribal program.

Income Based Eligibility

In addition, consumers are eligible for NTAP if their household income is at or below 135% of the federal poverty guidelines.

2013 Federal Poverty Guidelines – 135%

Household Size	48 Contiguous States and D.C.	Alaska	Hawaii
1	\$15,512	\$19,373	\$17,861
2	\$20,939	\$26,163	\$24,098
3	\$26,366	\$32,954	\$30,335
4	\$31,793	\$39,744	\$36,572
5	\$37,220	\$46,535	\$42,809
6	\$42,647	\$53,325	\$49,046
7	\$48,074	\$60,116	\$55,283
8	\$53,501	\$66,906	\$61,520
For each additional person, add	\$5,427	\$6,791	\$6,237

Acceptable documentation of income eligibility includes: prior year's state, federal or Tribal tax return; current income statement from an employer or paycheck stub; social security statement of benefits; Veterans Administration statement of benefits; retirement/pension statement of benefits; unemployment/workmen's compensation statement of benefits; federal or Tribal notice of letter participating in General Assistance; or a divorce decree or child support award or other official document containing income information.

Numbers of Minutes-of-Use Provided as Part of NTAP Program Service

The Company's Voice NTAP service includes unlimited local minutes-of-use within the toll-free calling area. The Company's Voice NTAP Plan does not include any free minutes-of-use for toll. Toll is billed at the standard toll rate depending on which interexchange carrier the consumer subscribes to for toll service. As part of the NTAP service, Toll blocking is available to eligible consumers at no cost.

Rates

Subscribers may receive the NTAP credit on any type or grade of local service, including bundled services that are normally offered by the Company. Advertised rates do not include any applicable taxes or surcharges.

Recertification of NTAP Eligibility

NTAP recipients are required to recertify their eligibility annually. Failure to properly recertify a recipient's continued eligibility for NTAP will result in termination of the NTAP recipient's monthly NTAP discount and de-enrollment from NTAP.

Additional NTAP Program Information

NTAP is limited to one benefit per household, consisting of either wire line or wireless service. A household is defined as an individual or group of individuals who live together at the same address and share income and expenses. NTAP is a government benefit program, and consumers who willfully make false statements in order to obtain the benefit can be punished by fine or imprisonment or can be barred from the program.

K & M Telephone Company, Inc.
Functionality in Emergency Situations

Back-Up Power

K & M Telephone Company, Inc. (herein after the "Company") has reasonable back-up power to keep equipment functioning during commercial electrical power interruptions. Central offices have stand-by generators that come on-line automatically if power is interrupted. Remote equipment cabinets and huts have battery supplied power that will keep the equipment operational until portable generators can be deployed. An adequate number of portable generators are maintained to cover a wide spread power outage.

Rerouting of Traffic around Damaged Facilities

The Company will be able to reroute traffic around damaged facilities. Connecting companies have redundant routing for signaling and trunk traffic. The Company has plans in place to repair local facilities in a timely manner to restore traffic capability.

Traffic Spikes

The Company's switching and transport equipment has sufficient capacity to handle any unexpected spike in traffic. Trunking capacity has been installed at the capacity of normal engineering practices. The switching equipment has a very significant reserve of unused capacity.

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According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0372-0031. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		<i>This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.</i> BORROWER NAME K. & M. Telephone Company, Inc. (Prepared with Audited Data)	
INSTRUCTIONS -Submit report to RUS within 30 days after close of the period. For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.		PERIOD ENDING December, 2012	BORROWER DESIGNATION NE0548
CERTIFICATION We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief. ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES. DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII (Check one of the following)			
<input checked="" type="checkbox"/> All of the obligations under the RUS loan documents have been fulfilled in all material respects.		<input type="checkbox"/> There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report	
Dennis Werner		3/9/2013 DATE	

Received & Inspected
 OCT 24 2013
 FCC Mail Room

PART A. BALANCE SHEET					
ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
CURRENT ASSETS			CURRENT LIABILITIES		
1. Cash and Equivalents			25. Accounts Payable		
2. Cash-RUS Construction Fund			26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments		
a. Telecom, Accounts Receivable			28. Customer Deposits		
b. Other Accounts Receivable			29. Current Mat. L/T Debt		
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable			32. Income Taxes Accrued		
b. Other Accounts Receivable			33. Other Taxes Accrued		
c. Notes Receivable			34. Other Current Liabilities		
5. Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)		
6. Material-Regulated			LONG-TERM DEBT		
7. Material-Nonregulated			36. Funded Debt-RUS Notes		
8. Prepayments			37. Funded Debt-RTB Notes		
9. Other Current Assets			38. Funded Debt-FFB Notes		
10. Total Current Assets (1 Thru 9)			39. Funded Debt-Other		
NONCURRENT ASSETS			40. Funded Debt-Rural Develop. Loan		
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt		
a. Rural Development			42. Reacquired Debt		
b. Nonrural Development			43. Obligations Under Capital Lease		
12. Other Investments			44. Adv. From Affiliated Companies		
a. Rural Development			45. Other Long-Term Debt		
b. Nonrural Development			46. Total Long-Term Debt (36 thru 45)		
13. Nonregulated Investments			OTHER LIAB. & DEF. CREDITS		
14. Other Noncurrent Assets			47. Other Long-Term Liabilities		
15. Deferred Charges			48. Other Deferred Credits		
16. Jurisdictional Differences			49. Other Jurisdictional Differences		
17. Total Noncurrent Assets (11 thru 16)			50. Total Other Liabilities and Deferred Credits (47 thru 49)		
PLANT, PROPERTY, AND EQUIPMENT			EQUITY		
18. Telecom, Plant-in-Service			51. Cap. Stock Outstand. & Subscribed		
19. Property Held for Future Use			52. Additional Paid-in-Capital		
20. Plant Under Construction			53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates		
22. Less Accumulated Depreciation			55. Other Capital		
23. Net Plant (18 thru 21 less 22)			56. Patronage Capital Credits		
24. TOTAL ASSETS (10+17+23)			57. Retained Earnings or Margins		
			58. Total Equity (51 thru 57)		
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)		

Total Equity = % of Total Assets


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USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION NB0548 PERIOD ENDING December, 2012	
INSTRUCTIONS- See RUS Bulletin 1744-2		
PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS		
ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues		
2. Network Access Services Revenues		
3. Long Distance Network Services Revenues		
4. Carrier Billing and Collection Revenues		
5. Miscellaneous Revenues		
6. Uncollectible Revenues		
7. Net Operating Revenues (1 thru 5 less 6)		
8. Plant Specific Operations Expense		
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)		
10. Depreciation Expense		
11. Amortization Expense		
12. Customer Operations Expense		
13. Corporate Operations Expense		
14. Total Operating Expenses (8 thru 13)		
15. Operating Income or Margins (7 less 14)		
16. Other Operating Income and Expenses		
17. State and Local Taxes		
18. Federal Income Taxes		
19. Other Taxes		
20. Total Operating Taxes (17+18+19)		
21. Net Operating Income or Margins (15+16-20)		
22. Interest on Funded Debt		
23. Interest Expense - Capital Leases		
24. Other Interest Expense		
25. Allowance for Funds Used During Construction		
26. Total Fixed Charges (22+23+24-25)		
27. Nonoperating Net Income		
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income		
31. Total Net Income or Margins (21+27+28+29+30-26)		
32. Total Taxes Based on Income		
33. Retained Earnings or Margins Beginning-of-Year		
34. Miscellaneous Credits Year-to-Date		
35. Dividends Declared (Common)		
36. Dividends Declared (Preferred)		
37. Other Debits Year-to-Date		
38. Transfers to Patronage Capital		
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]		
40. Patronage Capital Beginning-of-Year		
41. Transfers to Patronage Capital		
42. Patronage Capital Credits Retired		
43. Patronage Capital End-of-Year (40+41-42)		
44. Annual Debt Service Payments		
45. Cash Ratio [(14+20-10-11) / 7]		
46. Operating Accrual Ratio [(14+20+26) / 7]		
47. TIER [(31+26) / 26]		
48. DSCR [(31+26+10+11) / 44]		

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USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS INSTRUCTIONS - See RUS Bulletin 1744-2						BORROWER DESIGNATION NE0548 PERIOD ENDED December, 2012	
Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION							
EXCHANGE	1. RATES		2. SUBSCRIBERS (ACCESS LINES)			3. ROUTE MILES	
	B-1	R-1	BUSINESS	RESIDENTIAL	TOTAL	TOTAL (including fiber)	FIBER
	(a)	(b)	(a)	(b)	(c)	(a)	(b)
<div style="background-color: black; height: 100px; width: 100%;"></div>							
Total No. Exchanges							

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USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS INSTRUCTIONS - See RUS Bulletin 1744-2						BORROWER DESIGNATION NE0548 PERIOD ENDED December, 2012		
Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION								
4. BROADBAND SERVICE								
Details on Least Expensive Broadband Service								
EXCHANGE	No. Access Lines with BB. available (a)	No Of Broadband Subscribers (b)	Number Of Subscribers (c)	Advertised Download Rate (Kbps) (d)	Advertised Upload Rate (Kbps) (e)	Price Per Month (f)	Standalone/Pckg (f)	Type Of Technology (g)
								
Total								

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USDA-RUS		BORROWER DESIGNATION			
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		NE0548			
INSTRUCTIONS- See RUS Bulletin 1744-2		PERIOD ENDING December, 2012			
PART D. SYSTEM DATA					
1. No. Plant Employees	2. No. Other Employees	3. Square Miles Served	4. Access Lines per Square Mile		
PART E. TOLL DATA					
1. Study Area ID Code(s)		2. Types of Toll Settlements (Check one)			
a. b. c. d. e. f. g. h. i. j.		Interstate: Average Schedule Cost Basis Intrastate: Average Schedule Cost Basis			
PART F. FUNDS INVESTED IN PLANT DURING YEAR					
1. RUS, RTB, & FFB Loan Funds Expended					
2. Other Long-Term Loan Funds Expended					
3. Funds Expended Under RUS Interim Approval					
4. Other Short-Term Loan Funds Expended					
5. General Funds Expended (Other than Interim)					
6. Salvaged Materials					
7. Contribution in Aid to Construction					
8. Gross Additions to Telecom. Plant (1 thru 7)					
PART G. INVESTMENTS IN AFFILIATED COMPANIES					
INVESTMENTS	CURRENT YEAR DATA		CUMULATIVE DATA		
	Investment This Year	Income/Loss This Year	Cumulative Investment To Date	Cumulative Income/Loss To Date	Current Balance
(a)	(b)	(c)	(d)	(e)	(f)
1. Investment in Affiliated Companies - Rural Development					
2. Investment in Affiliated Companies - Nonrural Development					

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USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION NE0548 PERIOD ENDING December, 2012
PART H. CURRENT DEPRECIATION RATES	
Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one)	
<input checked="checked" type="checkbox"/> YES <input type="checkbox"/> NO	
EQUIPMENT CATEGORY	DEPRECIATION RATE
1. Land and support assets - Motor Vehicles	
2. Land and support assets - Aircraft	
3. Land and support assets - Special purpose vehicles	
4. Land and support assets - Garage and other work equipment	
5. Land and support assets - Buildings	
6. Land and support assets - Furniture and Office equipment	
7. Land and support assets - General purpose computers	
8. Central Office Switching - Digital	
9. Central Office Switching - Analog & Electro-mechanical	
10. Central Office Switching - Operator Systems	
11. Central Office Transmission - Radio Systems	
12. Central Office Transmission - Circuit equipment	
13. Information origination/termination - Station apparatus	
14. Information origination/termination - Customer premises wiring	
15. Information origination/termination - Large private branch exchanges	
16. Information origination/termination - Public telephone terminal equipment	
17. Information origination/termination - Other terminal equipment	
18. Cable and wire facilities - Poles	
19. Cable and wire facilities - Aerial cable - Metal	
20. Cable and wire facilities - Aerial cable - Fiber	
21. Cable and wire facilities - Underground cable - Metal	
22. Cable and wire facilities - Underground cable - Fiber	
23. Cable and wire facilities - Buried cable - Metal	
24. Cable and wire facilities - Buried cable - Fiber	
25. Cable and wire facilities - Conduit systems	
26. Cable and wire facilities - Other	

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USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		BORROWER DESIGNATION NE0548	
INSTRUCTIONS - See help in the online application.		PERIOD ENDED December, 2012	

PART I - STATEMENT OF CASH FLOWS			
1.	Beginning Cash (Cash and Equivalents plus RUS Construction Fund)		
CASH FLOWS FROM OPERATING ACTIVITIES			
2.	Net Income		
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>			
3.	Add: Depreciation		
4.	Add: Amortization		
5.	Other (Explain)		
<i>Changes in Operating Assets and Liabilities</i>			
6.	Decrease/(Increase) in Accounts Receivable		
7.	Decrease/(Increase) in Materials and Inventory		
8.	Decrease/(Increase) in Prepayments and Deferred Charges		
9.	Decrease/(Increase) in Other Current Assets		
10.	Increase/(Decrease) in Accounts Payable		
11.	Increase/(Decrease) in Advance Billings & Payments		
12.	Increase/(Decrease) in Other Current Liabilities		
13.	Net Cash Provided/(Used) by Operations		
CASH FLOWS FROM FINANCING ACTIVITIES			
14.	Decrease/(Increase) in Notes Receivable		
15.	Increase/(Decrease) in Notes Payable		
16.	Increase/(Decrease) in Customer Deposits		
17.	Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)		
18.	Increase/(Decrease) in Other Liabilities & Deferred Credits		
19.	Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital		
20.	Less: Payment of Dividends		
21.	Less: Patronage Capital Credits Retired		
22.	Other (Explain)		
23.	Net Cash Provided/(Used) by Financing Activities		
CASH FLOWS FROM INVESTING ACTIVITIES			
24.	Net Capital Expenditures (Property, Plant & Equipment)		
25.	Other Long-Term Investments		
26.	Other Noncurrent Assets & Jurisdictional Differences		
27.	Other (Explain)		
28.	Net Cash Provided/(Used) by Investing Activities		
29.	Net Increase/(Decrease) in Cash		
30.	Ending Cash		

Revision Date 2010

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USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION NE0548
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2012
NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	
1. [REDACTED]	
2. [REDACTED]	
3. [REDACTED]	
4. [REDACTED]	

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USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION NE0548
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2012
CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	